KEYS TO SELECTING A QUALIFIED OUTSOURCING SERVICE PROVIDER

Customer communications are at the heart of your organization's image and directly impact your customers' experience. That means that effective and efficient print and mail functions are critical to your business success. However, many businesses that regularly send transactional documents lack the internal resources to perform these processes in the most cost-effective, personalized and effective way.

This White Paper, brought to you by DATAMATX, explores what you should look for when evaluating outsourcing electronic and print document and mail functions to a third-party service provider. It addresses common obstacles to effective transactional customer communications and how to ensure your organization can leverage the latest industry techniques and technologies to gain transparent, predictable costs.

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1 INTRODUCTION

Paper bills and statements are frequently the single point of contact between an organization and its customers. Research shows that 97% of paper bills and statements are opened, with average read times between two and five minutes, making them an incredibly valuable communication tool, often more powerful than a website or email communications.

79% of survey respondents in a recent survey said they want the option to continue receiving paper-based communications because it provides a more permanent record and 49% report not having a reliable internet connection, driving the desire for paper records.

—TWO SIDES SURVEY: *THE ATTRACTIVENESS AND SUSTAINABILITY OF PRINT AND PAPER*

Today's technologies make it possible to move well beyond simply printing accurate statements. Organizations now have the opportunity to customize business communications based on collected customer data, personalizing the content to market specifically to an individual for cross-selling and up-selling new and additional services. Moreover, the United States Postal Service (USPS) offers a number of advantageous mailstream options that can enhance results and reduce costs for transactional mailings.

A qualified service partner should have the capabilities to create data-driven, highly targeted communications that engage customers and deliver print and electronic documents through your channel of choice while optimizing postal costs.

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2 LEVERAGING EFFECTIVE DOCUMENT DESIGN

A report by McKinsey found that organizations focused on maximizing satisfaction with regard to the entire customer journey have the potential to increase customer satisfaction by 20%.

Delivering a positive customer experience has never been more important than it is in today's marketplace. Doing so requires careful attention to every aspect of the customer journey, including the transactional documents that customers receive from your organization. Every document you send to customers is an important touchpoint and an opportunity to do much more than present a bill or statement.

Working with an outsourcing partner with expertise in the design of transactional documents can achieve a number of goals, including:

- *Creating a more engaging document using cost-effective color*
- *Including educational details, product information and personalized promotional messages on the statement*
- *Adding larger and more noticeable inserts and on-serts (promotions printed on the bill or statement)*
- *Including informative newsletters with your statements*

Research shows that people are 55% more likely to read a full color piece of mail first.

Including color, promotional and educational messages with your transactional statements increases response rates in addition to positively impacting the customer experience and saving on mailing costs. It is important that your service provider is able to give your business design experience and expertise on how to achieve these results.

3 MAIL OPTIMIZATION IS IMPORTANT

A survey of mailroom managers by InfoPrint Solutions found that 90% felt ongoing pressure from management to lower costs. Nearly 60% said they weren't confident they were paying the least amount possible for postage.

One significant benefit of outsourcing your transactional customer communications to a third-party service provider is gaining access to the most effective and cost-efficient mailing techniques.

3.1 Look for USPS Full Service Certification

When choosing a third-party provider, look for an organization that has successfully completed the USPS Full Service Certification (FSC) program. The FSC program recognizes those mailers who are able to implement the full service mailing process and consistently meet all of the USPS Full-Service Certification standards, offering a variety of solutions to prepare and present Full-Service presort mailings. There are two levels of certification offered by the USPS: **Standard**—Awarded to those mailers that meet or exceed Full Service Verification thresholds, and **Platinum**—Awarded to mailers that maintain a documented quality system and pass an additional external quality audit by a certified quality auditor.

The certification program covers a range of subjects, including the use of automation, employee training, appropriate document and records management, and communication with USPS to remain up-to-date on any changes in service offerings and recommended best practices. Achieving Full Service Platinum status requires careful documentation and verification of every aspect of an organization's mail processing operations.

An outsource partner can leverage a number of cost-effective mailstream options offered by the USPS. Another significant opportunity is the USPS 2nd Ounce Free program.

3.2 Take Advantage of 2nd Ounce Free

Third-party providers mailing First-Class automation presort letters can help their customers significantly reduce mailing costs by taking advantage of the USPS 2nd Ounce Free program. The program enables those mailing transactional bills and statements to include an additional ounce of material for operational or marketing purposes at no additional cost.

3   MAIL OPTIMIZATION IS IMPORTANT

This gives the customer the option of using higher quality paper stock or larger envelopes to create a greater impact or adding more inserts or on-serts. A qualified provider can also help customers leverage specific data about a recipient for variable data printing to personalize mail piece messages even further.

An example: Thirteen pages can be inserted into a 6" x 9" envelope which equates to a 25-page document or statement and one cover sheet for the address to show though the envelope window. Using this approach for mailings such as insurance policies, renewal notices or benefit statements can save hundreds of thousands of dollars in postage for insurance and financial services organizations that routinely mail large numbers of these kinds of documents.

The many potential benefits that can be achieved using this "2nd ounce free" approach include:

- *Transactional mailers don't have to force fit the billing detail and the important promotional messages on the statements themselves, allowing for the opportunity to use more reader-friendly fonts.*

- *It opens up the ability to take full advantage of white space opportunities (targeted, measurable advertisements or promotional offers usually printed at the bottom of bills or statements), as well as variable data printing—both of which are proven ways of positively impacting response rates.*

- *Organizations have greater flexibility to offset mailing center costs by including additional promotional offers with every communication, such as higher-quality (thicker) newsletters that include important information and service offering updates.*

- *Statements can be used to inform, educate and strengthen customer loyalty by providing additional information, such as announcements, disclosures and notifications, as well as to conduct consumer research with surveys and reply cards.*

3.3 Other USPS options to know

The right provider can also help your organization take advantage of additional cost-efficient mailstream options offered by the USPS, including:

Intelligent Mail Barcode (IMb): The USPS next generation barcode used to sort and track letters and flats and reap the greatest automation postal discounts available. Mail delivered through IMb improves accuracy due to a special code that is assigned to each piece sent, which makes it possible to track each mail item to verify that the right recipients receive customer documents.

IMb Tracing: For outgoing mail, Destination IMb Tracing provides advanced notice as to when mail pieces will reach their destination. For incoming mail, Origin IMb tracing provides information as to when checks, replies or orders are on their way back to your organization.

Move Update: This service enables your organization to maintain the highest quality of address accuracy and avoid wasted costs due to undeliverable-as-addressed mailings.

CASS: CASS (Coding Accuracy Support System) certification verifies the accuracy of software that cleans and matches addresses, and provides valuable postal discounts for qualifying mailers.

ACS Service: Another cost-effective means to obtain accurate change of address information, reducing the risk of undeliverable-as-addressed mail and labor-intensive and expensive steps involved in address change operations.

4 ELECTRONIC BILL PRESENTMENT AND PAYMENT (EBPP)

According to a CreditCards. com report, only 6% of adults under 25 years old get paper credit card statements and bills.

4.1 E-bill expertise

While paper remains an important and trusted delivery channel, research by InfoTrends shows that paperless delivery will grow at a compound annual rate of 13% reaching 37% by 2018. Using the Internet to send, receive and pay bills offers many advantages to businesses as well as their customers. In addition to overall convenience, the popularity of mobile technologies and rising postal rates are some of the reasons why electronic billing solutions have become an important part of business operations for organizations in nearly every industry.

For any organization that routinely sends transactional statements, the benefits of EBPP are obvious—they reduce costs compared to paper bill processes while improving customer satisfaction and retention. E-bill presentment can reach customers through their preferred delivery method, whether that is via email, fax or web.

4.2 Mobile presentment and payment solutions

A third-party service provider with advanced EBPP capabilities can help your organization provide mobile presentment and payment options to your customers, enabling them to view and pay their bills securely and conveniently while accelerating your receivables cycle.

4.3 Accelerated payment solutions

Additionally, some providers offer accelerated payment solutions that create a personalized URL which sends customers to a customized, pre-populated site with their account information and payment options. Electronic payment solutions of this kind have been shown to promote up to 70% faster payments, reducing days sales outstanding (DSO).

In 2015, the USPS took a look at what an anonymous large utility organization spent on paper billing vs. online. It found that electronic bills cost 6 cents for the utility to send and process, compared to 53 cents for paper and checks.

4.4 Archiving capabilities

Another electronic solution to look for from a service provider is archiving, which will enable customers to quickly and easily view historical bills online, make secure payments anytime and anywhere and track payments. Additionally, proper archiving gives customer service representatives immediate access to past statements or bills online, making it simple to respond in real-time to questions and customer issues. An outsource provider's archiving solution can also be utilized as a critical component in an organization's disaster recovery plan.

4.5 MICR printing

If your organization routinely sends out checks, you will benefit by working with an outsource provider with MICR check printing capabilities. Magnetic Ink Character Recognition (MICR) is a specialized toner used by The Federal Reserve and all banks for ease of processing as a check travels through the check clearing system.

Outsourcing the printing of MICR checks eliminates the expenses associated with purchasing, storing and managing pre-printed check stock and will also result in significant savings in paper costs and the benefit of quick turnaround in producing checks.

4.6 Customer portals for 24/7 access

Some third party service providers offer online customer portals providing detailed information about the status of the customer's electronic and print transactional activities and mail processing. The portal enables customers to instantly check on progress and gauge the success of their ongoing billing processes, including e-Adoption rates.

4.7 Proper security certifications

Another important consideration when outsourcing business communications and payment services is security. Electronic billing solutions should be carefully vetted to ensure that they feature the highest security standards for storing, processing and transmitting credit cards and ACH payments including data security, authentication and non-repudiation of bills.

Two independent certifications are particularly important in ensuring operational excellence and security: The American Institute of Certified Public Accountants (AICPA) SSAE 16 Type II certification and Payment Card Industry Data Security Standard (PCI DSS) version 3.1.

4.7.1 SSAE 16 Type II certification

The AICPA's Statement on Standards for Attestation Engagements (SSAE) No. 16 SOC 2 certification is a reporting option specifically designed for entities such as data centers, IT managed services, Software as a Service (SaaS) vendors and many other technology and cloud-computing-based businesses.

SSAE 16 SOC 2 Examination

Within the SOC2 framework is a comprehensive set of criteria known as the Trust Services Principles (TSP) that are composed of the following five sections:

1. The security of a service organization's system.

2. The availability of a service organization's system.

3. The processing integrity of a service organization's system.

4. The confidentiality of the information that the service organization's system processes or maintains for user entities.

5. The privacy of personal information that the service organization collects, uses, retains, discloses and disposes of for user entities.

**ELECTRONIC BILL
PRESENTMENT AND PAYMENT (EBPP)**

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Gaining this certification requires a service provider to undergo a review by accredited audit, risk and control-oriented professionals under guidance from the AICPA. The independent validation of a stringent SOC2 audit demonstrates a service provider's ongoing commitment to keeping its customers' data and systems safe by maintaining the highest level of security and compliance.

4.7.2 PCI DSS 3.1

PCI DSS 3.1 is the latest iteration of the payment security standard introduced by Visa, MasterCard and other major payment card brands to safeguard the transmission and storage of payment card data. PCI DSS 3.1 addresses vulnerabilities within the previously used Secure Sockets Layer (SSL) encryption protocol by upgrading to the Transport Layer Security (TLS) protocol.

**Payment Card
Industry Data Security
Standard Compliant**

To achieve compliance with PCI DSS 3.1, an organization must meet 12 requirements designed to secure and protect customer payment data. These requirements include installing and maintaining a firewall configuration to protect cardholder data, assigning a unique ID to each person with computer access and regularly testing security systems and processes.

4.7.3 Sarbanes-Oxley (SOX)

A service provider fully trained in SOX regulations ensures that its clients are compliant with all corporate accounting controls required by U.S. federal law.

Sarbanes-Oxley

Not all security precautions are enshrined in legislation or can be officially certified. At a minimum, make sure that an outsource service provider has stringent internal security measures in place to protect customer data. Check on whether their production areas are locked and monitored at all times. Make sure all FTP servers are protected by a well-rated hardware firewall to eliminate unwanted intrusions. Additionally, all electronic payment options need to be encrypted and performed over a secure internet connection.

Partnering with an organization that has invested in these stringent and costly data and security audits and measures is the best way to ensure that your organization's customer data is secure.

5 CONCLUSION

In today's competitive marketplace, organizations need to continually evaluate whether they are communicating with their customers in the most effective ways possible and whether they are devoting their resources in a way that will reduce costs and drive revenue.

Outsourcing transactional customer communications to a trusted and experienced third-party service provider that meets the attributes discussed in this paper has the potential to improve your organization's transactional statements, enhance revenue through added promotional opportunities and reduce processing and mailing costs, all while freeing your internal resources to focus on core aspects of your business.

For the many reasons discussed in this White Paper, choosing to outsource your organization's transactional customer communication processes may be an excellent choice from the point of view of customer experience, marketing, operations and security.